



Joint Legislative Audit Committee
Office of the Auditor General



**FINANCIAL AUDIT REPORT
OFF-HIGHWAY LICENSE FEE FUND
YEAR ENDED JUNE 30, 1978**

REPORT TO THE
CALIFORNIA LEGISLATURE

REPORT OF THE
JOINT REVENUE SHARING TASK FORCE
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE
AND THE
DEPARTMENT OF FINANCE

870-261

FINANCIAL AUDIT REPORT
OFF-HIGHWAY LICENSE FEE FUND
YEAR ENDED JUNE 30, 1978



California Legislature

Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

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March 16, 1979

870-261

The Honorable Speaker of the Assembly
The Honorable President pro Tempore of the Senate
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully forwards the Auditor General's financial audit report of Off-Highway License Fee Fund, Year Ended June 30, 1978.

The auditors are Curt Davis, CPA, Audit Manager; Michael C. Dendorfer; Alex Chan; Philip Jelicich; and Michelle Ogata.

Sincerely,

RICHARD ROBINSON
Assemblyman, 72nd District
Chairman, Joint Legislative
Audit Committee

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INTRODUCTION

In compliance with Federal Office of Revenue Sharing regulations, we have conducted a financial audit of the Off-Highway License Fee Fund. This audit was conducted under the authority vested in the Auditor General by Section 10527 of the Government Code and in the Department of Finance by Section 13294 of the Government Code.

The Off-Highway License Fee Fund serves as a depository for fees collected by the Department of Motor Vehicles at the time of the initial or renewed registration of off-highway motor vehicles. A fee of four dollars (\$4) is levied on all off-highway vehicles. This fee is in lieu of all taxes according to value levied for state or local purposes. Semi-annually, the State Controller apportions the monies equally to cities and counties for planning, acquiring, developing, constructing and operating trails, areas and other facilities for the use of off-highway motor vehicles.

AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature
and the Department of Finance:

We have examined the balance sheet of the Off-Highway License Fee Fund as of June 30, 1978, and the related statements of revenues, expenditures and changes in fund balance for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the Off-Highway License Fee Fund at June 30, 1978, and the results of its operations and changes in fund balance for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The column amounts on the accompanying balance sheet and statement of revenues, expenditures and changes in fund balance for the year ended June 30, 1977, which are presented for comparative purposes only, were not audited by us and accordingly we do not express an opinion on them.

Joint Revenue Sharing Task Force



Wesley E. Voss
Assistant Auditor General

Date: December 22, 1978

Staff: Curt Davis, CPA
Michael C. Dendorfer
Alex Chan
Philip Jelicich
Michelle Ogata

STATE OF CALIFORNIA
OFF-HIGHWAY LICENSE FEE FUND

BALANCE SHEET
SPECIAL REVENUE FUND TYPE

JUNE 30, 1978
(With Unaudited Amounts for 1977)

<u>ASSETS</u>	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Cash	\$ 9,747	\$ 10,248
Deposits in Surplus Money Investment Fund	265,000	159,000
Due From Surplus Money Investment Fund	4,916	2,735
Due From Special Deposit Fund (Note 2)	<u>97,064</u>	<u>39,573</u>
TOTAL ASSETS	<u>\$376,727</u>	<u>\$211,556</u>

LIABILITIES AND FUND EQUITY

Liabilities:

Due to Transportation Tax Fund - Motor Vehicle Account	\$ 56	\$ 12
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Fund Equity:

Fund Balance:		
Designated for Apportionment (Note 3)	274,747	169,248
Undesignated	<u>101,924</u>	<u>42,296</u>
TOTAL FUND EQUITY	<u>376,671</u>	<u>211,544</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$376,727</u>	<u>\$211,556</u>

The notes to the financial statements are an integral part of this statement.

STATE OF CALIFORNIA
 OFF-HIGHWAY LICENSE FEE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 SPECIAL REVENUE FUND TYPE

FOR THE FISCAL YEAR ENDED JUNE 30, 1978
 (With Unaudited Amounts for 1977)

	<u>1978</u>			<u>1977</u>
	<u>Budget As Adjusted</u>	<u>Actual</u>	<u>Over (Under) Budget</u>	<u>Actual</u>
<u>Sources of Financial Resources</u>				
Revenues: ^{a/}				
Off-Highway License Fees	\$468,000	\$541,402	\$ 73,402	\$442,231
Income From Surplus Money Investment	<u>6,973</u>	<u>10,702</u>	<u>3,729</u>	<u>9,946</u>
Total Sources of Financial Resources	<u>\$474,973</u>	<u>552,104</u>	<u>\$ 77,131</u>	<u>452,177</u>
<u>Uses of Financial Resources</u>				
Apportionments:				
To Cities	\$240,000	193,488	\$(46,512)	271,182
To Counties	<u>240,000</u>	<u>193,489</u>	<u>(46,511)</u>	<u>271,182</u>
Total Uses of Financial Resources	<u>\$480,000</u>	<u>386,977</u>	<u>\$(93,023)</u>	<u>542,364</u>
Net Increase (Decrease) in Fund Balance During the Year		165,127		(90,187)
Fund Balance - July 1		<u>211,544</u>		<u>301,731</u>
Fund Balance - June 30		<u>\$376,671</u>		<u>\$211,544</u>

^{a/} Revenues are not budgeted in the legislative budget bill. The amounts shown on this statement are agency budgeted revenue amounts that are shown in the Governor's Annual Budget.

The notes to the financial statements are an integral part of this statement.

OFF-HIGHWAY LICENSE FEE FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1978

1. Summary of Significant Accounting Policies

The preceding financial statements reflect the financial position and results of operations of the Off-Highway License Fee Fund. The Department of Motor Vehicles accounts for the collection of fees and the State Controller accounts for the apportionments to the cities and counties.

The accounting policies used by the Department of Motor Vehicles and the State Controller, as they relate to the financial statements of the Off-Highway License Fee Fund, conform to generally accepted accounting principles as contained in the State Administrative Manual.

Income:

Throughout the year, income is accounted on a cash basis. At June 30, the accounts are adjusted to a modified accrual basis. All earned but uncollected fees and interest due from the Surplus Money Investment Fund are accrued.

Apportionments:

During the year, apportionments are recorded at the time claims for payment are filed with the State Controller.

2. Off-Highway License Fees

Off-Highway License fees are levied on all off-highway vehicles in lieu of all taxes according to a value levied for state or local purposes. The fees are deposited initially in the Transportation Tax Fund - Motor Vehicle Account. They are subsequently transferred to the Special Deposit Fund. When proper allocation has been determined, the fees are transferred to the Off-Highway License Fee Fund.

3. Fund Balance - Designated for Apportionment

As provided in Section 38240 of the Motor Vehicle Code, the State Controller designates all cash in the State Treasury and all deposits in the Surplus Money Investment Fund as of June 30 for apportionment in July.

State of California

Memorandum

To : Sammuel E. Hull, Chief
Joint Revenue Sharing Task Force
1025 P Street
Sacramento, CA

Date : March 9, 1979
File No.:

From : Department of Motor Vehicles

Subject: Joint Revenue Sharing Task Force - Draft Audit Report

In response to your draft audit report for the Off-Highway License Fee Fund, we concur with your presentation of findings.

We would also like to take this opportunity to express our appreciation and sincere thanks to the Audit Team that conducted the review and especially to Philip Jelicich who was most helpful in providing meaningful explanations in the complex area of fiscal requirements.



DORIS V. ALEXIS
Director

cc: Tosh Matsuura

Office of the Auditor General

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
Secretary of State
State Controller
State Treasurer
Legislative Analyst
Director of Finance
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Democratic/Republican Caucus
California State Department Heads
Capitol Press Corps